



Alaska International Airport System Anchorage and Fairbanks International Airports Land Lease Rates Informational Meeting, 9/30/2009

Agenda

- 1) History, Revenue & Expenses**
- 2) Appraisal Results**
- 3) Comparisons**
- 4) Considerations**
- 5) Comments & Questions**



Land Rates - History

- **AIAS raised land rents in 2003 from \$.06 and \$.09 to \$.09 and \$.12 for Aviation and Auxiliary**
- **AIAS proposed to raise land rents in 2008 from \$.09 and \$.12 to \$.18 and \$.24 for Aviation and Auxiliary**
- **AIAS proposal abated due to public concern about economy and inadequate lead time**
- **AIAS Operating Agreement seeks more equitable alignment of cost centers**

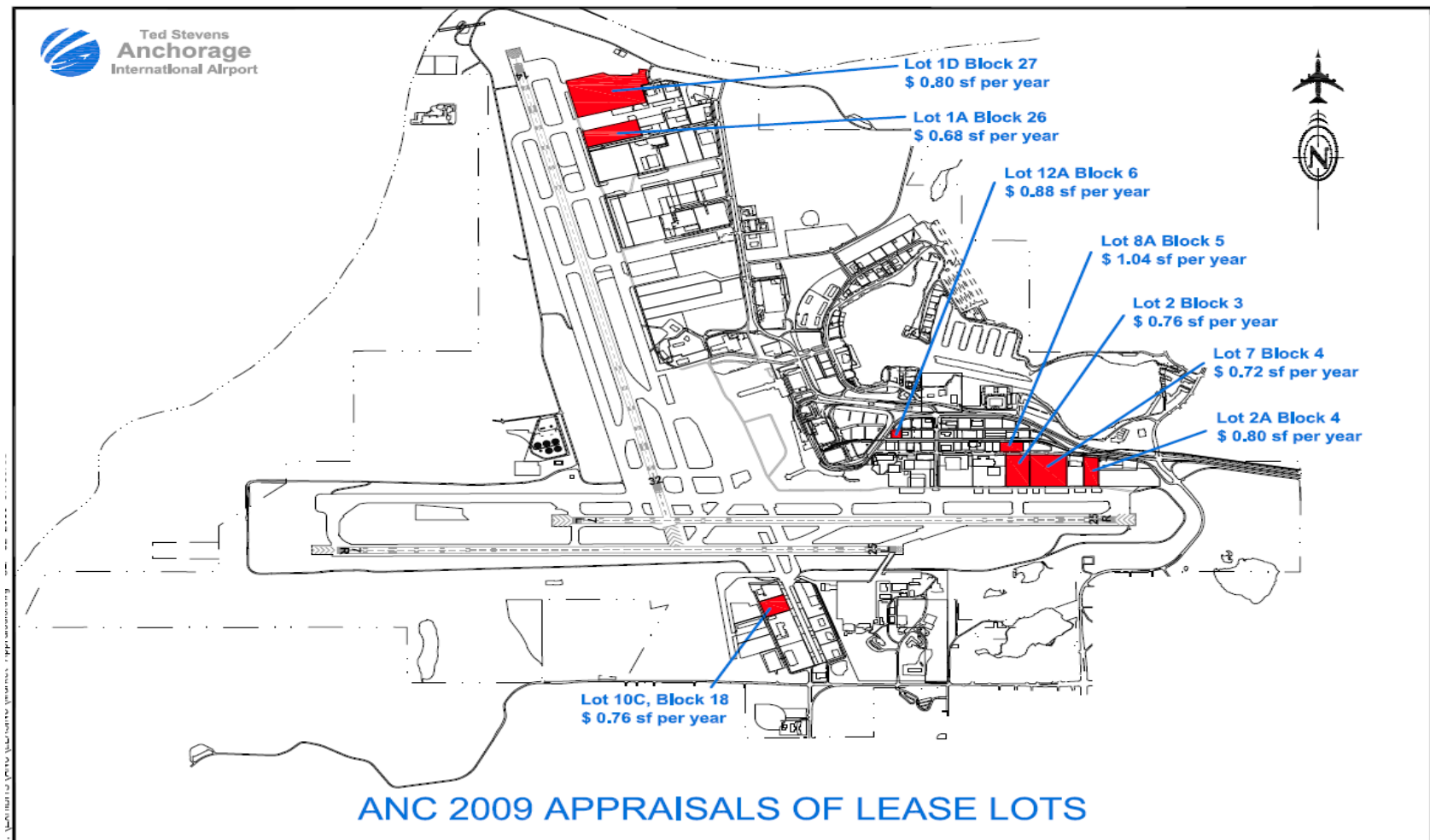


Land Rates - Anchorage

	<u>Current (est. 2003)</u>	<u>Appraised (7/2009)</u>
Aviation:	\$.09/sf/year	\$.74 sf/yr (avg N AP)
	\$.09/sf/year	\$.76 sf/yr (avg E AP)
		\$.76 sf/yr (S AP)
Auxiliary:	\$.12/sf/year	\$.96 sf/yr (avg E AP)
Non-Aviation:	Fair Market	N/A



Land Rates - Anchorage Appraisal Results



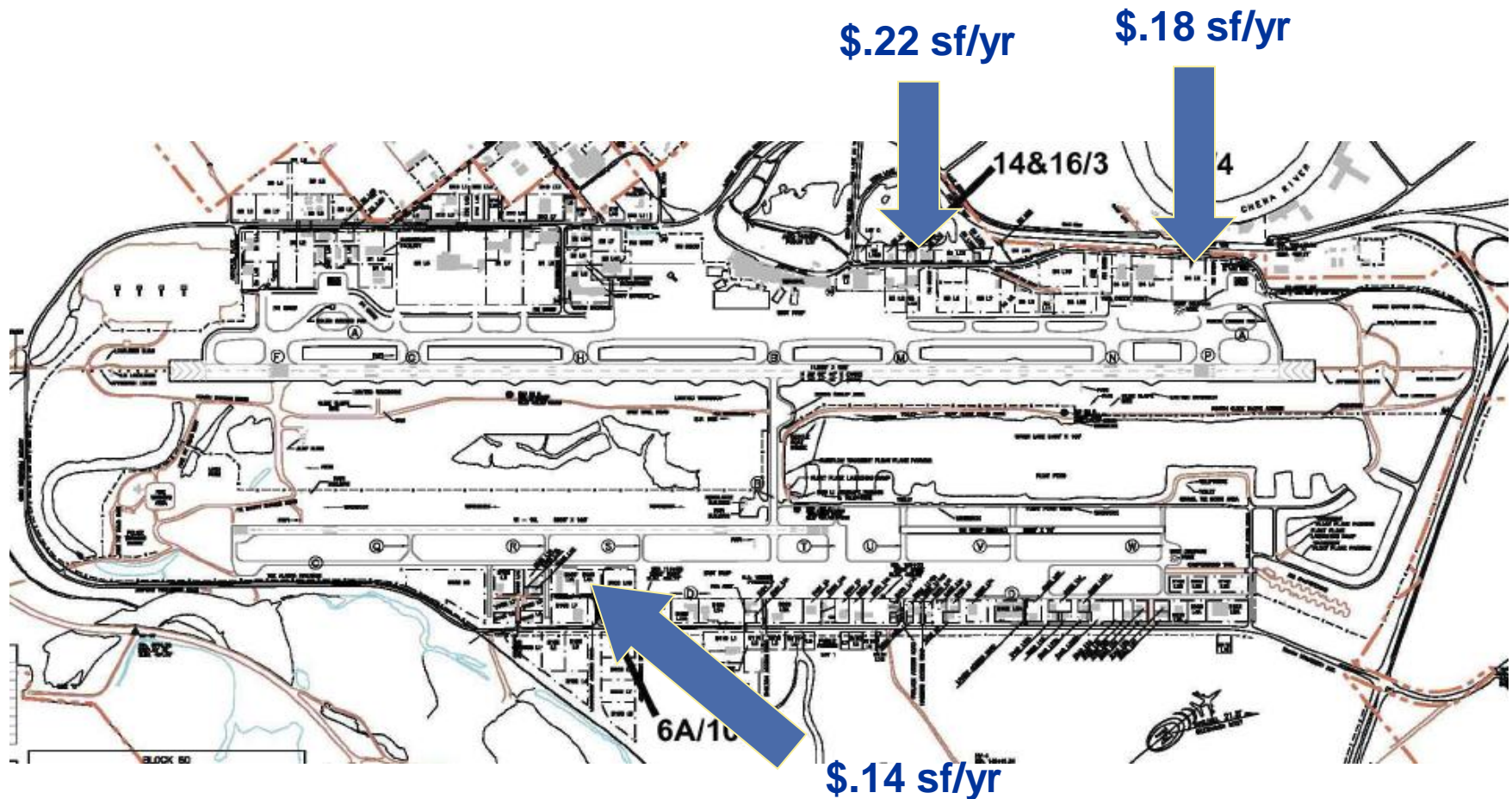


Land Rates - Fairbanks

	<u>Current (est. 2003)</u>	<u>Appraised (7/2009)</u>
Aviation:	\$.09/sf/year \$.09/sf/year	\$.18 sf/yr (West) \$.14 sf/yr (East)
Auxiliary:	\$.12/sf/year	\$.22 sf/yr
Non-Aviation:	Fair Market	N/A



Land Rates – Fairbanks Appraisal Results





Land Rates – Comparisons

STATE AIRPORTS	CURRENT	
	AV	NON
BARROW	0.114	0.164
BETHEL	0.114	0.164
DILLINGHAM	0.114	0.08
HOMER	0.114	0.100
KODIAK	0.114	0.164
KOTZEBUE	0.114	0.164
SITKA	0.114	0.164
D. Horse-Tundra	0.114	0.137
D. Horse-Gravel	0.248	0.271

OTHER AIRPORTS	CURRENT	
	AV	NON
JUNEAU	.17/.52 ¹	Bid
KENAI	6% ²	
MERRILL FIELD	0.17	N/A
PALMER	0.10	N/A
WASILLA	0.06	N/A

¹.17 undeveloped, .52 apron land

²6% of FMV/yr -Appraised every 5 years

INTL AIRPORTS	CURRENT	
	AV	AUX
ANCHORAGE	0.09	0.12
FAIRBANKS	0.09	0.12

State Rural Increases:

- Effective April, 2009
- Aviation increases 4% in January 2011, 2013
- Auxiliary increases 8% in January 2010, 2011; 6% in 2013, 5% in 2015



Land Rates – Considerations

17AAC 42.295. Rent Adjustment

Unless otherwise specified in a lease:

- **May not adjust rent more than once in a 12 month period**
- **May not adjust rent first five years of term if lease exceeds 10 years term**
- **May not increase rent by more than 10% per year, compounded for each year since the date of last adjustment**
- **May not result in rent greater than fair market rent**



Land Rates – Considerations

Federal Grant Assurance 24 (of 39):

“Fee and Rental Structure: It will maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection.”



Land Rates – Considerations

Top Three Revenue Sources

Type of Fee	2003	2004	2005	2006	2007	2008	2009
Landing (37%)	.60	.66	1.07	1.11	1.26	1.52	1.41/1.76
Fuel Flow (18%)							
>12,500	2.7/3.3	2.7/3.3	2.7/3.3	2.7/3.3	2.7/3.3	2.7/3.3	2.7/6.7
<12,500	3.3	3.3	3.3	3.3	3.3	3.3	2.7
Term. Rent (11%)	48.59	49.8	43.31	46.55	51.15	61.5	61.5/76.8
Land Rent (4%)	.09/.12	.09/.12	.09/.12	.09/.12	.09/.12	.09/.12	.09/.12

*Other revenue sources: concessions, parking, PFC's, investment income, acft parking



Land Rates – Considerations for 100,000 sf lease lot

10% Example of raise to \$.18 For lease lot w/ annual clause

	Rate	Rent/Yr
2009:	\$.09	\$9000

Possible:

FY 10	\$.10	\$10,000
FY 11	\$.11	\$11,000
FY 12	\$.12	\$12,000
FY 13	\$.13	\$13,000
FY 14	\$.15	\$14,000
FY 15	\$.16	\$16,000

10% Example of raise to \$.18 For lease lot w/ 5-year clause and last rent adjustment in 2005 (compounded)

	Rate	Rent/Yr
2005:	\$.09	\$9000

Possible:

FY 10	\$.15	\$15,000
FY 11	\$.16	\$16,000
FY 12	\$.18	\$18,000
FY 13	\$.18	\$18,000
FY 14	\$.18	\$18,000
FY 15	\$.18	\$18,000



Land Rates – Next Steps

- | | |
|-----------------------|---|
| 8/26 | Public noticed informational meetings |
| 9/30 | Informational meetings in Anchorage and Fairbanks |
| 10/1-10/16 | Public comment period on Informational Meetings |
| 10/17-1/1/2010 | Potential public notice, public comment, public meeting(s), and if increase made, implementation |



Thank You!

Comments and Questions